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March 1, 2007

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**VIA EFILING AND HAND DELIVERY**

Mr. Charles L.A. Terreni  
Chief Clerk/Administrator  
**South Carolina Public Service Commission**  
101 Executive Center Dr., Suite 100  
Columbia, SC 29210

Re: Petition of the Office of Regulatory Staff to Establish Dockets to Consider  
Implementing the Requirements of Section 1252 (Smart Metering) of the  
Energy Policy Act of 2005  
PSC Docket No.: 2005-386-E

Enclosed for filing please find the original and one copy (1) copy of the Office of  
Regulatory Staff's Comments in the above referenced docket.

Please note that the attached documents are exact duplicates, with the exception of the  
form of the signature, of the e-filed copy submitted to the Commission in accordance with its  
electronic filing instructions.

Please date stamp the one extra copy for our office and return it to me via our courier  
and do not hesitate to let me know if you have any questions.

Sincerely,

Nanette S. Edwards  
Shannon Bowyer Hudson

NSE-SBH/pjm  
Enclosure

cc: Parties of Record

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
Docket No. 2005-386-E**

<b>In Re: Petition of the South Carolina</b>	)	
<b>Office of Regulatory Staff to Consider</b>	)	
<b>Implementing the Requirements Of</b>	)	
<b>Section 1252 (Smart Metering)</b>	)	
<b>of the Energy Policy Act of 2005</b>	)	
<hr/>	)	

**COMMENTS**

**BACKGROUND**

On August 8, 2005, President Bush signed the Energy Policy Act of 2005 (“the EAct”). The EAct requires state commissions, with respect to each electric utility for which the state commission has ratemaking authority, to consider certain standards to encourage better utilization of energy resources. The Public Service Commission of South Carolina (“the Commission”) initiated Docket No. 2005-386-E to consider the smart metering standards and established March 1, 2007 as the due date for comments. The South Carolina Office of Regulatory Staff (“ORS”) will be participating more fully as a party of record in this proceeding, but nevertheless believes it is appropriate to offer general comments at this time.

It should also be noted that this Commission docketed proceeding (Docket No. 2005-386-E) addresses smart metering only for the three major investor-owned electric utilities in South Carolina as the Commission does not regulate any policies or practices of the South Carolina Public Service Authority (“Santee Cooper”), the Electric

Cooperatives of South Carolina or any municipal system in the State concerning this issue.<sup>1</sup>

## **DISCUSSION**

Section 1252 of EAct entitled “Smart Metering”<sup>2</sup> requires the Commission to consider whether it is appropriate to require each electric utility to provide and install time-based meters and communications devices for each of their customers which enable such customers to participate in time-based pricing rate schedules and other demand response programs. The types of time-based rate schedules that may be offered, among others, include: (i) time-of-use pricing, (ii) critical peak pricing, (iii) real-time pricing, and (iv) credits for consumers who enter into pre-established peak load reduction agreements.

As part of the review of the standards set forth in Section 1252, it is important to consider the purposes of the Public Utility Regulatory Policies Act of 1978, as amended by EAct. Those purposes are: (1) conservation of energy supplied by electric utilities; (2) optimization of energy supplied by electric utilities; and (3) equitable rates to electric consumers.

By Directive issued on January 31, 2007, the Commission established that it must complete such consideration within two years of the EAct’s enactment (by August 8, 2007). However, EAct sets forth that if the Commission has considered or implemented

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<sup>1</sup> The Public Service Commission of South Carolina has electric ratemaking authority over Duke Energy Carolinas, LLC, South Carolina Electric & Gas, Carolina Power and Light d/b/a Progress Energy Carolinas, Inc. and Lockhart Power Company. Due to Lockhart Power Company’s smaller size and its total retail kilowatt-hours sales being below the threshold set forth in the U.S. Code of Federal Regulations (18 C.F.R. § 290.101), Lockhart Power Company is exempted from consideration in this matter.

<sup>2</sup> Smart metering is equipment and information that allows a consumer to monitor the cost and usage of electricity consumed.

the standards or comparable standards described in Section 1252 or if the state legislature has voted on the implementation of such standards or comparable standards within the previous three years, then no action is required by the Commission.

ORS is not aware of any Commission orders or South Carolina law specifically addressing smart metering; however, the investor-owned utilities currently offer time-based rate schedules as well as other peak load options. The availability of smart metering or advanced metering technology with time-based rate schedules would provide both customers and utilities additional information useful in making appropriate energy choices. Specifically, some benefits of smart metering may include fewer errors on customer bills, quicker resolution to bill disputes, reduced need for manual meter reading, localized identification of outages and reduction of demand on the grid during peak periods. The appropriateness of these benefits, however, can best be measured by balancing them with the costs to consumers and utilities in implementing the use of such technology.

### **CONCLUSION**

The availability of smart metering or advanced metering technology with time-based rate schedules would provide both customers and utilities additional information useful in making appropriate energy choices, and this proceeding offers the opportunity to explore the cost and benefits as well as the feasibility and interest in smart metering.

Respectfully submitted

OFFICE OF REGULATORY STAFF

A handwritten signature in cursive script that reads "Shannon Bowyer Hudson".

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March 1, 2007

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2005-386-E**

IN RE:

Petition of the Office of Regulatory Staff to	)	
Establish Dockets to Consider Implementing	)	CERTIFICATE OF
the Requirements of Section 1252 (Smart	)	SERVICE
Metering) of the Energy Policy Act of 2005	)	

This is to certify that I, Pamela J. McMullan, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **OFFICE OF REGULATORY STAFF'S COMMENTS** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

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Pamela J. McMullan

March 1, 2007  
Columbia, South Carolina